

Federal Transit Administration

Charter Service Information

As both public and private providers move to expand service, it is important to ensure that private companies are not placed at a competitive disadvantage in the marketplace. In 1987, the Federal Transit Administration issued charter service rules to prevent public intrusion into private markets, and to make it possible for the private sector to utilize public transit resources to meet market needs. FTA also affords flexibility within its rules for public agencies to meet special community needs when it is not practical for the private sector to respond in a cost-effective manner.

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CHARTER SERVICE REGULATION

Federal transit law, 49 USC §5323(d), prohibits recipients of Federal financial assistance from providing charter service, except under certain circumstances.

Any charter service that is provided by recipients of Federal transit funds must be incidental. This means that if charter service is provided, it must not interfere with or detract from regularly scheduled mass transportation service or shorten the life of the equipment or facilities.

To comply with the Act, applicants for FTA assistance must formally agree that they will not provide charter service using equipment or facilities funded under the Act, unless there are no private charter operators willing and able to provide the charter service or another exception applies.

A private provider, however, may contract with a transit agency to lease charter equipment

or service, if the private provider does not have enough vehicles or enough vehicles that are accessible to elderly and handicapped persons.

A recipient of Federal funds may provide charter service if one or more of the following exceptions applies:

- There are no willing and able private charter operators.*
- For special events to the extent that private operators are not capable of providing the service.*
- When there is a formal agreement regarding the provision of charter services between the recipient and all private charter operators that have been determined to be willing and able.*
- For government or certain non-profit organizations, if the trip involves significant number of handicapped persons, if the organization is a qualified social service agency, or if it receives public

welfare assistance funds whose implementation may require transportation services.*

**For further assistance,
please contact:**

Recipients of Federal funds in non-urbanized areas may also qualify for the following exceptions:

- ➡ For a government entity or certain non-profit organizations, if more than 50% of the passengers on the trip will be elderly.*
- ➡ If the service that the private operator can provide would create a hardship on the customer because it imposes minimum durations or is located too far from the origin of the charter service.*

* Special procedures and /or documentation are required to qualify for an exception. For further information, the complete text of FTA's Charter Service regulation, 49 CFR Part 604, can be accessed through the internet.

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<http://www.fta.dot.gov/library/legal/charterservice/index.html>

QUESTIONS AND ANSWERS:

Question: How does a transit authority apply for the special events exception?

Answer: A transit authority must submit a request for a special events exception to the Regional Administrator at least 90 days prior to the day or days on which it desires to provide charter service. The transit authority must describe the event, explain how it is special and explain the extent of charter service which private charter operators are not capable of providing. Generally, the event must be extraordinary and expected to draw large crowds. For example, a special events exception was granted for the American Dental Association Convention held in Kansas City, MO, October 12-15, 2000.

Question: How does a transit authority determine if there are any willing and able private charter operators? **Answer:** At least 60 days before it desires to begin to provide charter service, it must place a notice in a newspaper of general circulation within the proposed geographic charter service area, send a copy to all private charter service operators in the proposed geographic service area, and send a copy of the notice to the United Bus Owners of America and the American Bus Association. Allow at least 30 days from the date of the notice for a private charter operator to respond.

Question: How does a private operator file a complaint about a violation of the charter service regulation? **Answer:** Information concerning the service should be sent in writing to the FTA Regional Administrator. Include as many specifics as possible, such as who provided the service, date and time of the service, origin, destination, and equipment used. Be sure to send a copy of the complaint to the public transit provider involved.

QUESTIONS AND ANSWERS:

Question: May a public transit provider use its buses to provide special service to another city department, such as the city council, to tour a transit facility or project, or make some other trip in connection with the department's operations?

Answer: No, such a trip would be prohibited charter service under the regulation, since it does not come within one of the recognized exceptions, unless there is no private operator willing and able to provide the service.

Question: May a public transit provider use its buses for school field trips or to transport students to extracurricular school activities? **Answer:** No, school service is not a specific exception to the charter service prohibition.

Question: Our transit authority is the only operator in the area that has a trolley vehicle. Can the transit authority charter this vehicle since there are no private charter operators that have a trolley vehicle? **Answer:** No. Lacking a trolley vehicle does not disqualify a private operator from being considered if they are willing and able to provide a bus or van. In addition, the private operator can lease the trolley from the transit authority to provide that service.

For additional questions and answers, refer to "Charter Service Questions & Answers," 52 Federal Register 42248, November 3, 1987, accessible through the internet at <http://www.fta.dot.gov/library/legal/fr11387.html>